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DE RUEHLP #3096/01 3202035  
ZNR UUUUU ZZH  
P 162035Z NOV 06  
FM AMEMBASSY LA PAZ  
TO RUEHC/SECSTATE WASHDC PRIORITY 1323  
INFO RUEHAC/AMEMBASSY ASUNCION 6301  
RUEHBO/AMEMBASSY BOGOTA 3622  
RUEHBR/AMEMBASSY BRASILIA 7483  
RUEHBW/AMEMBASSY BUENOS AIRES 4745  
RUEHCV/AMEMBASSY CARACAS 1994  
RUEHPE/AMEMBASSY LIMA 2056  
RUEHME/AMEMBASSY MEXICO 1901  
RUEHMN/AMEMBASSY MONTEVIDEO 4191  
RUEHQD/AMEMBASSY QUITO 4633  
RUEHSG/AMEMBASSY SANTIAGO 9216  
RUEHSO/AMCONSUL SAO PAULO 2038  
RHEHNSC/NSC WASHINGTON DC  
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RUEATRS/DEPT OF TREASURY WASHINGTON DC

UNCLAS LA PAZ 003096

SIPDIS

SENSITIVE  
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STATE FOR WHA/AND  
TREASURY FOR SGOOCH  
ENERGY FOR CDAY AND SLADISLAW

E.O. 12958: N/A  
TAGS: EAGR ECON PGOV BL  
SUBJECT: LOWER HOUSE PASSES LAND REFORM BILL

REF: LA PAZ 3041

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Summary  
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¶1. (SBU) Movement Toward Socialism (MAS) members of the lower house of congress approved a land reform bill on November 15 after opposition members abandoned the session. The bill will now go to the senate, where it is likely to be blocked by the political opposition. The bill provides for the bi-annual review of property to determine if it is fulfilling an "economic and social function." If not, the property can be reverted to or expropriated by the state. The current law, passed in 1996, provides for a similar reversion process, but has not been enforced. The definition of economic and social function, the circumstances under which land can be reverted or expropriated, and the structure of the Agrarian Reform Institute (INRA) will be debated in the senate. Indigenous groups support the bill, while large agricultural producers worry that it could endanger food security. End summary.

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Lower House Approves Bill  
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¶2. (U) Late on November 15, after attempts to reach consensus failed and the opposition abandoned the session, MAS members of the chamber of deputies approved a bill modifying the 1996 National Agrarian Reform Institute Law (INRA). The lower house approved the bill under the pressure of growing indigenous marches in favor of the reforms (reftel). The conflictive bill will now be considered by the senate, where it is expected to be blocked by the opposition parties who hold a majority of seats.

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Key Principles Yet to Be Defined

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¶3. (SBU) The bill provides, in line with the current law, that if property is not fulfilling an "economic and social function", it can be reverted to the state. (Note: This part of the 1996 law has not been enforced. End note.) The reform bill states that even after land is titled, it will be reviewed every two years to determine if it is serving an economic and social function. If it is not, it will either revert to the state without compensation or be expropriated with compensation. Land can also be expropriated for the "public good" in order to be given to indigenous communities. The MAS and the opposition parties did not agree on the main themes of the reform -- the definition of "economic and social function," the circumstances in which land can be reverted or expropriated, and the structure of INRA.

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Indigenous Support; Eastern Resistance  
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¶4. (U) Indigenous groups in support of the bill told the press that the proposed land reform would return lands to them which had been taken from their ancestors. Large agricultural producers and political opposition leaders worry that the bill will endanger the country's agricultural production and legal and food security. Leaders of the Eastern Agricultural Chamber (CAO) threatened to withhold food produced in eastern Bolivia from the western highlands to pressure the senate to block the bill until consensus is reached.

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Comment: No Respect for the Minority  
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¶5. (SBU) Comment: The MAS' passage of the divisive land reform bill without consensus demonstrates the administration's determination to enact its agenda with or without minority approval. Indigenous groups marching to La Paz from Santa Cruz and the Yungas are raising the public profile of this issue, as well as pressure on the GOB to deliver land reform. Without control over the senate, however, the GOB will have to engage in some creative politics if the bill is to become law. End comment.  
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